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FISCAL IMPACT STATEMENT

LS 6024

BILL NUMBER: SB 7

NOTE PREPARED: Oct 23, 2002

BILL AMENDED:

SUBJECT: Insurance Coverage for Police Reserve Officers.

FIRST AUTHOR: Sen. Meeks C

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires every city, town, and county to provide life and disability insurance for the unit's police reserve officers. The bill requires (rather than allows) a police reserve officer to be covered by the medical treatment and burial expense provisions of the worker's compensation law and the worker's occupational diseases law.

Effective Date: January 1, 2004.

Explanation of State Expenditures: The Workers Compensation Board would experience minimal administrative expense due to the provisions of this bill. However, the Board should be able to cover any additional expenses given its current budget.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill requires that all units provide insurance for police reserve officers: (1) for medical payments under workers compensation; and (2) insurance premiums for the minimum benefit levels specified (\$150,000 payment for total disability and \$250 per week for 260 weeks).

There are approximately 2,828 reserve officers in the state, and it is unknown how many currently have medical or disability insurance. This bill may change the premiums paid by those units whose benefits are below that currently specified. The following factors apply in the fiscal impact for local units required to pay for insurance under this bill.

Workers Compensation Premium: The bill provides coverage similar to that provided for salaried employees

by the Workers Compensation Board. Based on 2002 data, coverage for police officers for medical and burial benefits is \$2.09 per \$100 salary for full benefits, and \$0.51 per \$100 salary for medical only. Units would pay \$459 to \$773.30 annually for full-time officers making \$22,000 to \$37,000 a year for full benefits, and between \$213.40 and \$358.90 for medical only. Since reserve officers are unsalaried, an adaptation for volunteer coverage is to provide insurance for the salary the reserve officer would have been paid for the service. Under this scenario, the premium could be assessed based on the time spent in reserve duties. Based on this assumption, a unit might pay \$28 to \$47 annually for medical only and between \$115 and \$193 for full benefits for each reserve officer who works ten hours a week. Workers compensation is also the primary insurance for all medical expenses related to job injuries (before other medical insurance would take over).

Additional Medical, Disability, and Death Coverage: The bill provides for additional medical coverage as well as benefits for total disability and death during the performance of reserve officer duties. Based on discussion with insurance providers with some experience in insuring police officers, premium estimates vary due to the following: (1) amount of time reservists serve on duty; (2) the total number of reservists to be insured in each jurisdiction; and (3) lack of experience in insuring reserve officers. The quoted rate for death and disability insurance of \$150,000 payment and \$250 per week for 260 weeks is \$100 per officer.

Local Insurance Coverage Examples:

County Sheriff and Town Police Examples: County health benefit costs for single Clark County salaried employees, including the sheriff's department (32 FT officers and 32 reservists), are \$4.19 for life insurance, and medical and death (\$15,000) benefits range from \$296 to \$447 annually, depending on coverage selected. The Crawfordsville Police Department (30 FT officers and 12 reservists) currently does carry workers compensation, as well as other insurance for reserve officers: medical benefits (up to \$10,000), disability (\$300 weekly for up to 52 weeks), and death (\$75,000) at an annual premium cost of approximately \$1,000.

Explanation of Local Revenues:

State Agencies Affected: Worker's Compensation Board.

Local Agencies Affected: Local law enforcement agencies.

Information Sources: Mike Ward, Indiana Chiefs of Police (317) 816-1619; Troy Fornof, Provident Insurance, (888) 712-2301; Chief David Johnson, Crawfordsville Police Department, (765) 362-3762; Nancy Shephard, Clark County Auditors Office, (812) 285-6211; Ron Cooper, Indiana Compensation Rating Bureau, (317) 842-2800; Mark Webb, Public Employees' Retirement Fund, (317) 233-4137, Tim Downey, Timothy R. Downey Insurance, (800) 382-8837.

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